Region 4 Conference
"Enduring Service, Sustaining Freedom"

Lessons Learned as a Lead Agent
TRICARE Region 11
DOD Pilot Project

MG Kenneth L. Farmer, Jr., MD
Deputy Surgeon General, US Army

AND
Former Lead Agent
Region 11
TRICARE Northwest

OVERVIEW

- Lead Agent Responsibilities
- Region 11 Pilot Project Components
- Business Plan
- Model for the Empowered Lead Agent
- Issues
- The Future

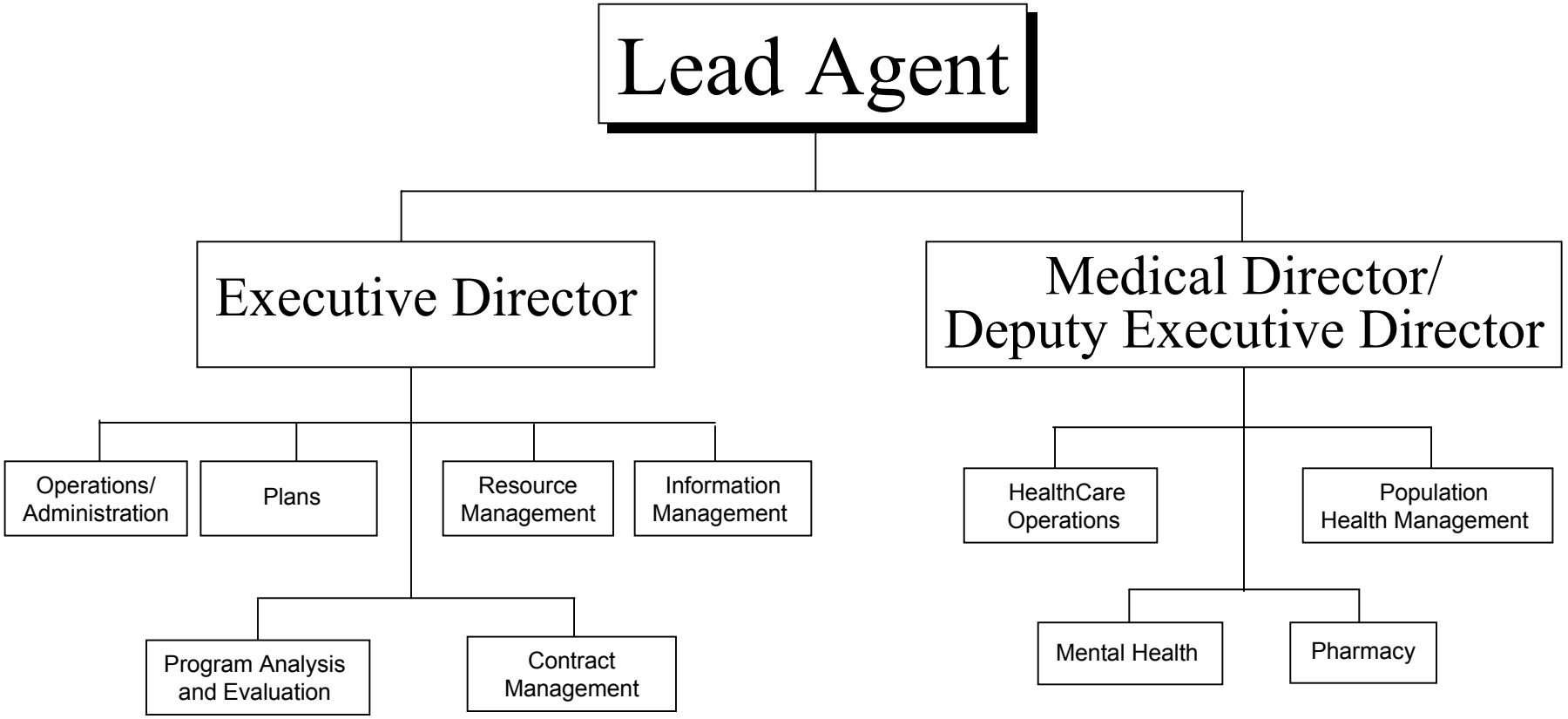
Lead Agent Responsibilities

- Development & Execution of the RHSP
- Contract Management
- Regional Business Management
- Marketing and Education
- Integration Issues (Regional Health Care Delivery)
- Information Management Support Systems
- Contingency Operations

SOURCE: DoD Directive 5136.12 - 31 May 01
TRICARE Policy Guidelines - 29 Jan 96

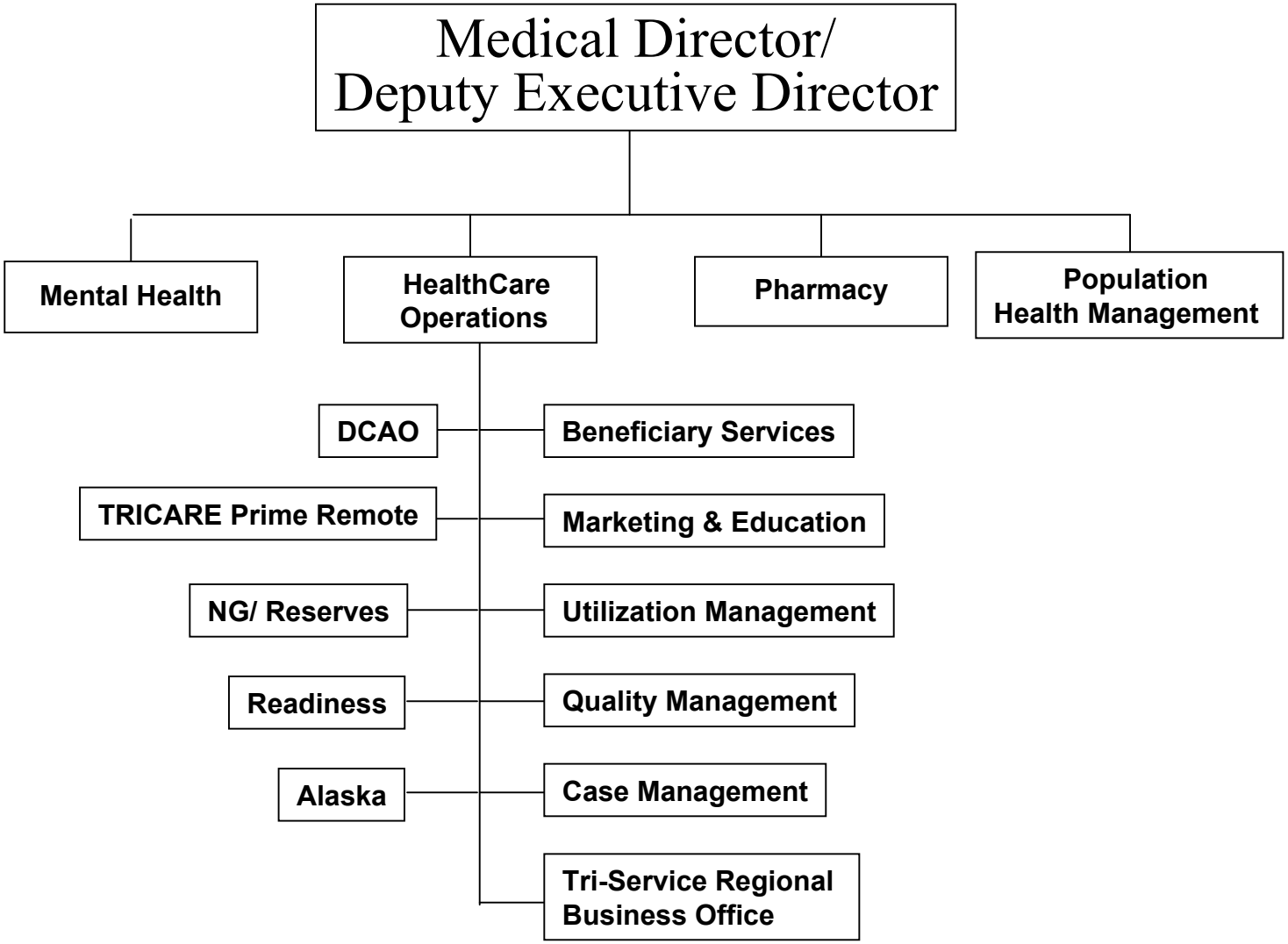
Office of the Lead Agent

Region 11

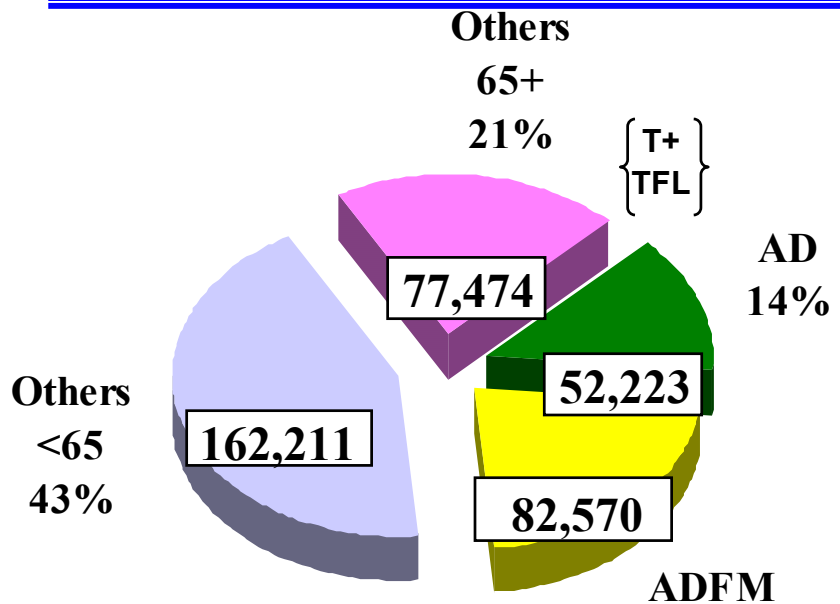


All LA's look a little different…and that's OK!

Office of the Lead Agent



Population 374,478



Category

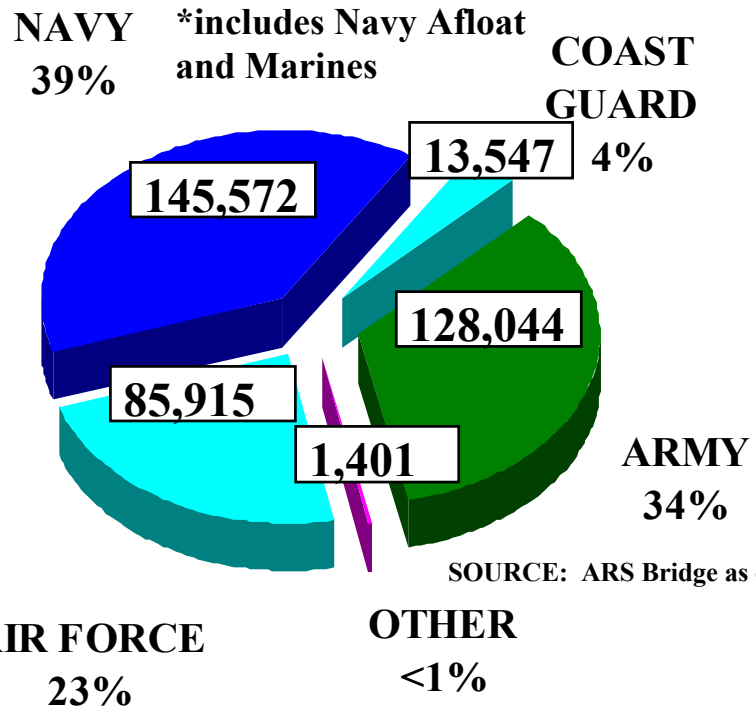
Catchment

219,131 (59%)

Non-Catchment

155,347 (41%)

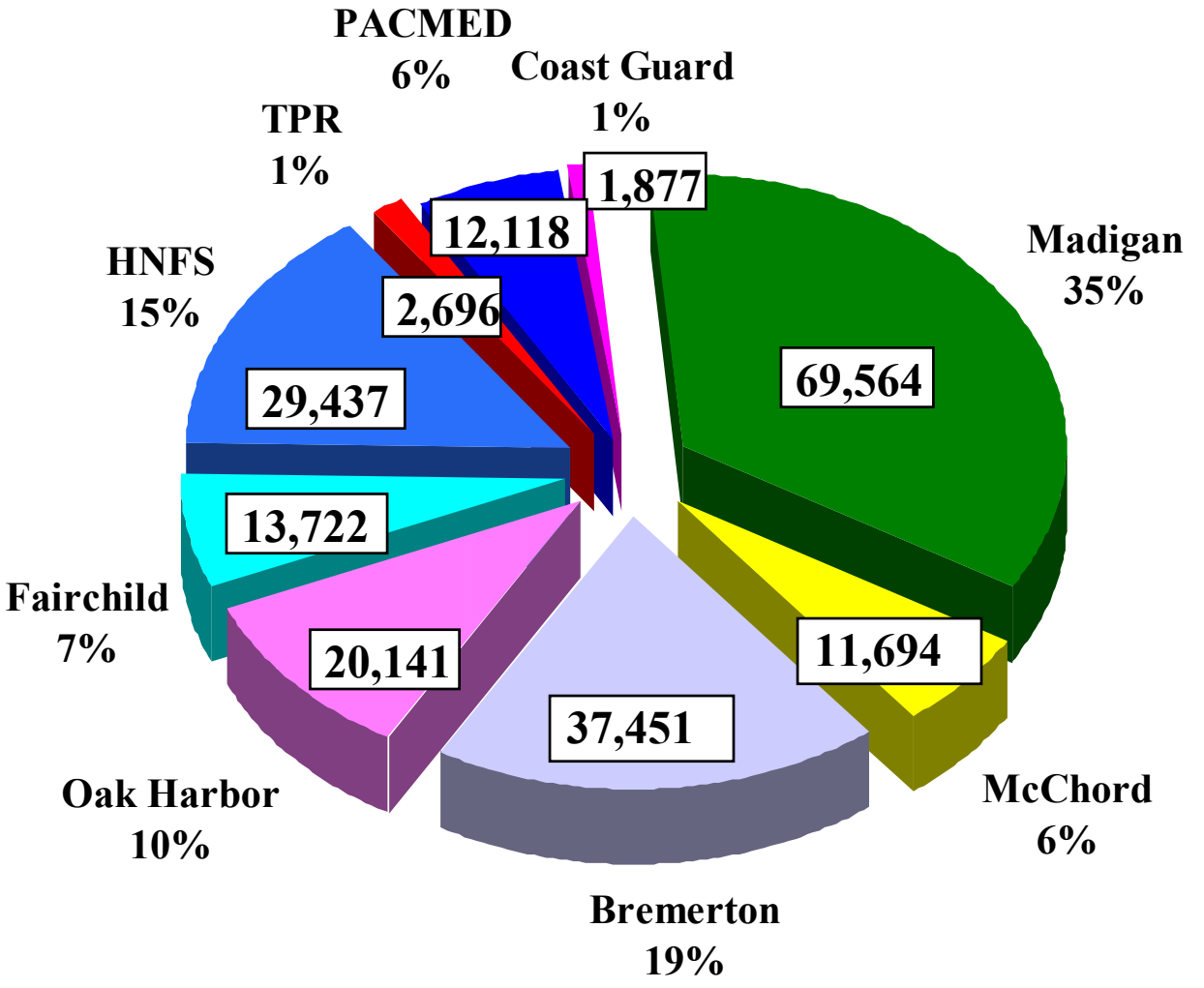
Service Affiliation



SOURCE: ARS Bridge as of 15 Feb 2002

Enrollment

As of: 31 Jan 2002



2002
Total =198,700

2001
Total =196,669

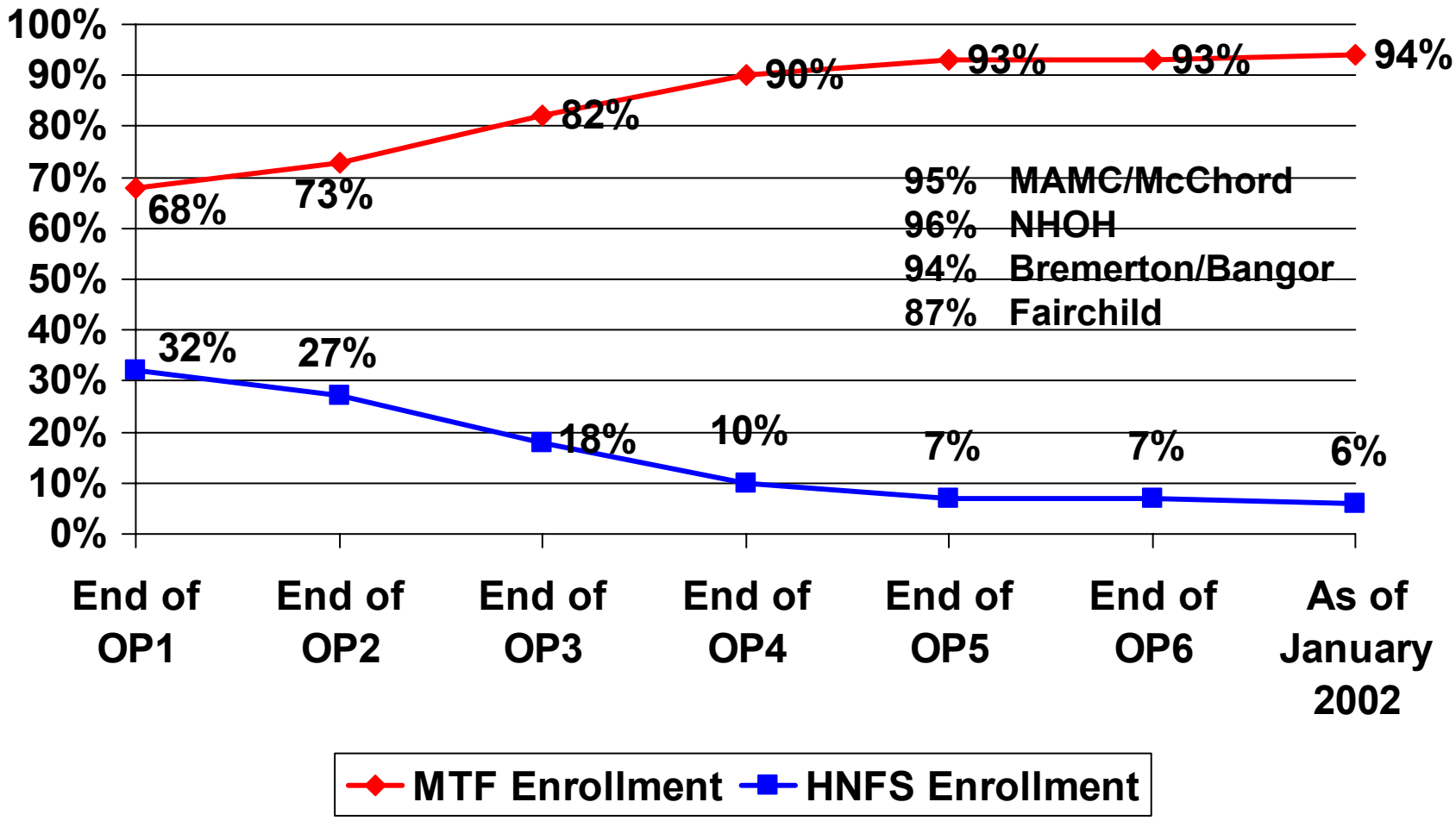
2000
Total =194,776

1999
Total =183,061

1998
Total =180,199

MTF Enrolled vs. HNFS Enrolled

(Catchment Area)



Source: HNFS/DEERS Enrollment data

“Pilot Project”

TRICARE Northwest

“An Integrated Health Care System”

LEAD AGENT PILOT

"Mandates"

- **ASD(HA) LOI (27 Sep 00)**
  - — **Manage** overall cost
  - — Implement population health
  - — Implement evaluation plan
  - — Formulate regional business strategy
  - — Report to TRICARE NW Executive Board

LEAD AGENT PILOT

"Mandates"

- **USD(P&R) Memo (3 Oct 00)**
  - — Increase MTF utilization
  - — Reduce costs (MCSC and direct care)
  - — Increase productivity
  - — Improve patient satisfaction
  - — Utilize core metrics
  - — **Clinic-level** visibility of performance

Regional Business Plan

- Regional MTF visits: (trend was ⬇)
- MCSC cost: (trend was ⬆)

Regional Business Plan

- Regional MTF visits: (trend was ⬇)
- Purchasing Power: (trend was ⬇)
- Staffing: (MAMC military staff ⬇)
- MCSC cost: (trend was ⬆)

Regional Objectives

- **Improve Beneficiary Satisfaction**
  - Improve access to my health care
  - Enhance front-end (clinical) encounter
  - Enhance back-end (administrative) encounter

October 31, 2000

Regional Objectives

- **Improve Financial Performance**
  - Optimize regional healthcare system
  - Implement comprehensive population health management
  - Implement fiscal controls and accountability
  - Ensure access to accurate data and analysis for sound decision making

October 31, 2000

FY ‘01 Regional Business Plan

- FY ‘01 $3.064M --- ROI $3,344M Net $.281M
- Purchased FTE’s, PCR course, ICDB, Glucose Sensors, ORMA, SCORe, Arthroplasty, Telemed, Lab equipment.
- ROI ($), BPA, Direct Care, TRBO, Pharmacy, Laboratory, Specialty Care, Primary Care
- ROI (Quality, Satisfaction, Access) Pop Health Mgmt, Regional Integrated Health Care

INITIATIVES INFRASTRUCTURE:

Initiative	Baseline	Intervention		Impact	Metric
TRBO $3K	Supply Costs	Leadership LA Staff RIA's	⇧	Standard- ization	Cost Savings $1M
Pharmacy $150K	Pharmacy Costs Trends	RIA's LA Staff Formulary Regional Cooperation		Funding Provider Behavior NSA's	Cost Savings $850K
Lab $43K	Cost/Tests Turn-time	Ref Lab Contracts Standardize		Regional Approach Staff Productivity	Cost Savings Turn-time

INITIATIVES
CLINICAL ISSUES:

Pop Health Mgmt/Primary Care

Initiative	Baseline	Intervention		Impact	Metric
High Risk Case Management $69K	3314 Pts >29 Vts/Yr	Case Mgmt LA Staff ICDB	⇩	Visits Regional Case Mgmt	PHM Targeting Report Metrics
PCR $39K	Clinic Mgmt Initiatives (Visits, unfilled Appts, staff ratios	PHM Course, Staffing		Capacity Quality Workload	Workload HEDIS Disease & Demand Mgmt Metrics
MAMC APCC	Visits/day Access Templates	Staff Hires Supply MilCon	⇧	Optimization Customer Service Capacity	Support Ratio Access Enrollment Visits

INITIATIVES
CLINICAL ISSUES:

Specialty Care

Initiative	Baseline	Intervention	Impact	Metric
MAMC Inpatient $861K	ICU Pts Diverts OR Cases	RN Hires ICU Staff OR Staff	Surgical Thru-put Recapture Surgical/ICU Cases	# of Diverts Days in Divert ICU Pts
MH $41K	Psych Claims & Demand Access Distance	LA Staff Regional Pro-Staff	⇧ MH Care NHOH,	Patient Visits
TelePsych	Cases Pts in Network Pt Travel Provider Travel	Equipment Training	Recapture Care Meet Line needs	Recapture Cases Decrease Travel

INITIATIVES
CLINICAL ISSUES:

Specialty Care

Initiative	Baseline	Intervention		Impact	Metric
NHB Arthroplasty $53K	CH Cases	Surgery at NHB SCORe	⇩	CH cases Wait List	Cost Savings $47K & # of Cases
Glucose Sensors $10K	CH Claims $400/test	Equip		PT Care CH Claims	Cost Avaidance FY02-$18K FY 03-$22K

Focus Topics

- Pop Health Management
- Regional IM/IT (ICDB, ORMA)
- Regional Mental Health
- Regional Contracting
  - ➡ Services & Med/Surg Supply

Population Health Management

Pilot Project

Managed Money- Managed Care

Population Health Management

Keystone to Regional Managed Care Strategy

Ten Initiatives focus on changing culture/business
Four require "jump-start" funding

"…a system that uses the best knowledge, that is focused intensely on patients, and that works across health care providers and settings… taking advantage of new information technologies to move us beyond where we are today."

IOM Report, "Crossing the Quality Chasm", July 2001

Population Health Management

Funding Four/Ten Initiatives

Primary Care Reengineering

Case Management of "High Risk" enrollees

Integrated Clinical Database (ICDB)

Healthwise Handbook to active duty

Population Health Management

Return On Investment

Four Initiatives act synergistically to:

Optimize clinical resources

Recapture services going to Network

Improve quality of care

Elevate Active Duty care to TRICARE Standards

Population Health Management

Metrics of Success

Region, MTF, Panels : Benchmarks/Standard Trends

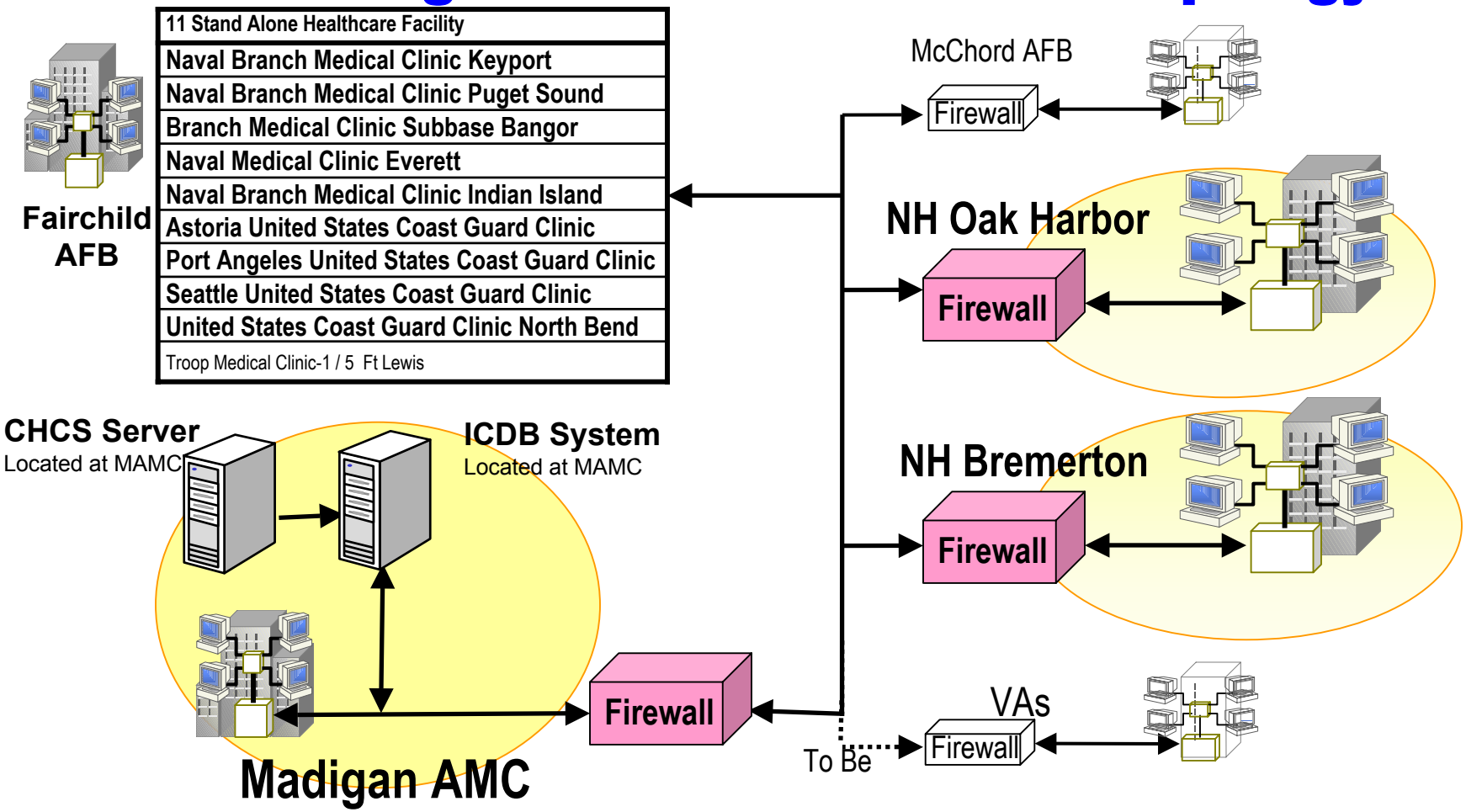
Recapture: → # MTF Prime & $ spent receiving PC services in network

Optimization: → Support ratios, % Panel seeing PCM

Medical Quality:

- **Prevention** → Pap, Mammo, Lipids
- **Disease/Condition** → Diabetes, CHF, Depression
- **Demand/Utilization** → Admits, Visits, ER,

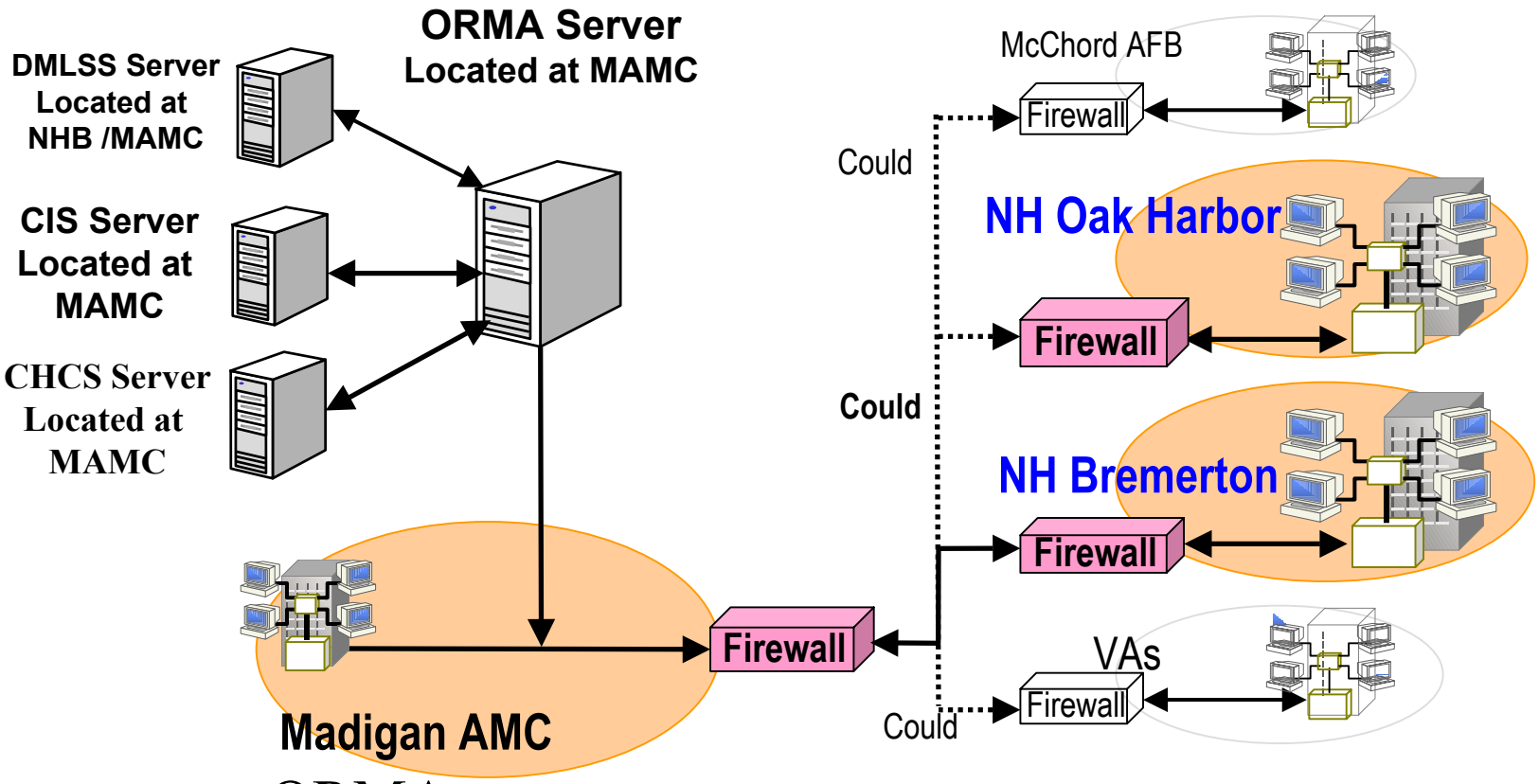
TRICARE Region 11 ICDB Network Topology



- Deployed within 90 Days after Funding
- TRICARE Region 11 Co-Development of the ICDB's Nursing and Technician Portal:
  - –Established a Regional Functional IPT

IM/IT

TRICARE Region 11 ORMA Network Diagram



- ORMA:
  - Virtual Operating Rooms between the MTF's BNH / MAMC
  - Hub Spoke Topology resulted in a savings of ~ 400K
  - User Training Starts **January 2001**
  - Go Live Date **March 2002**

Mental Health Consortium

- **Accomplishments**
  - Regional ADS codes (Finished)
  - Shared Regional resources (Ongoing)
  - GS psychiatrist (July 01')
  - Telepsychiatry (Aug 01')
  - Social worker (Nov 01')
- **Goals**
  - Regional Mental Health formulary
  - Depression Initiatives
    - Community Healthcare Management
    - Condition (Disease) Management
  - DoD/VA

Mental Health Staffing

	FAFB		MAMC		MAFB		NHB		NHOH		OLA	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
Psychiatrists			5	4			3	4	1	1.5	.5	.5
Psychologists	3	3	6	8	2	2	3.5	2.5				
MSW's	5	5	7	7	2	2	3.5	3.5	3	3	1	1
RN's	1	1										
PA's									1	1		
Tech's	5	6			3	4						
Total	14	15	18	19	7	8	10	10	5	5.5	1.5	1.5

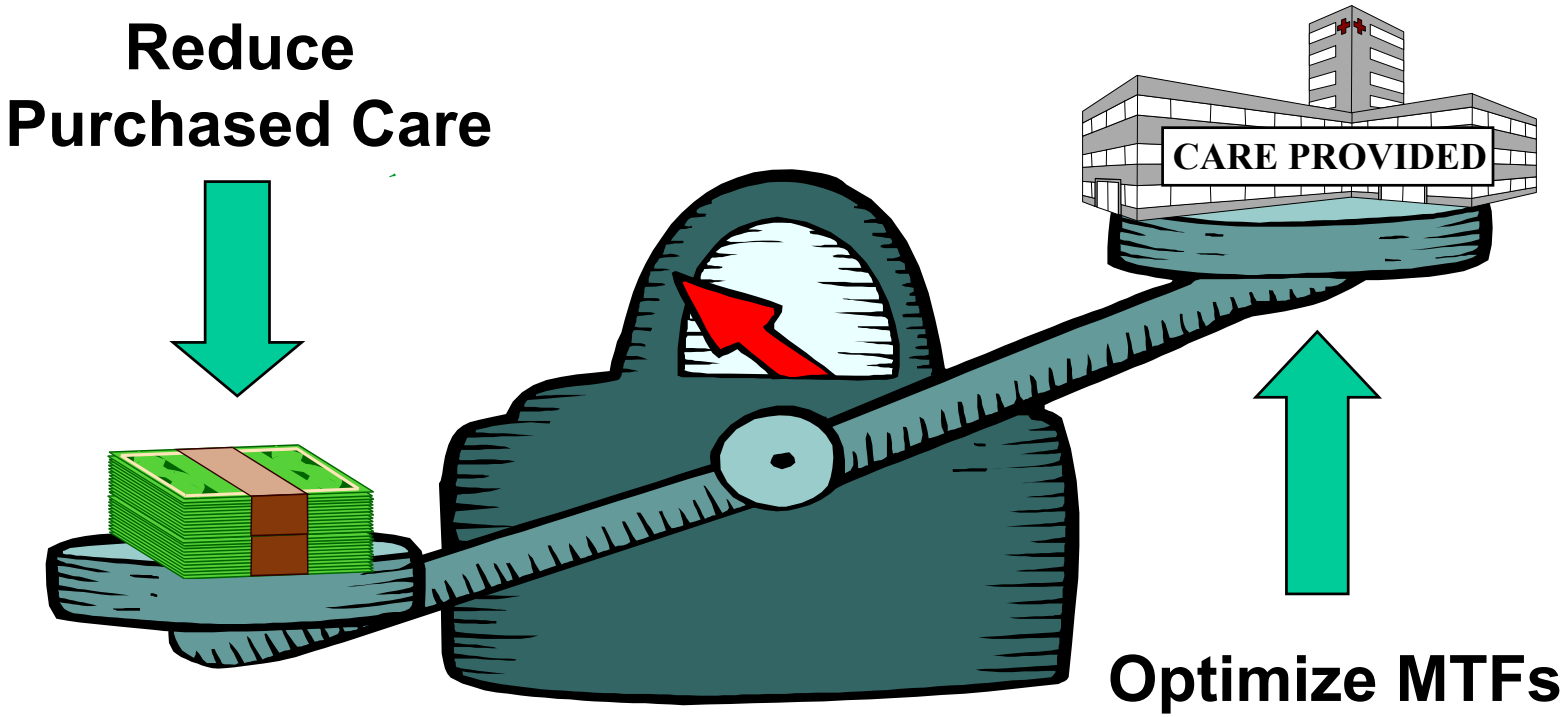
New Business Opportunities

POSSIBILITES TO LEVERAGE PURCHASING POWER

- Established Regional Contracts Workgroup
- Review Existing Contracts
  - ✓ Over 200 contracts under review
  - ✓ Total estimated value in excess of $24,000,000
  - ✓ Initial Opportunities:
    - Office Supplies
    - Blood Services
    - Dictation/Transcription Services
    - Ambulance Services
    - Medical Gases
- Shared-Use Contracts
  - ✓ Pacific Multiple Award Task Order (PACMATO)
  - ✓ Dictation/Transcription Services

The Bottom Line . . .

Financial Success



Reinvest in the Direct Care System

Model For The Empowered Lead Agent

- LA unencumbered by multiple hats (Issue is ability and willingness of LA to focus on and be trusted in Region)
- LA/TEC ability to access seed money – ability to get investment money
- LA freedom to move DHP money and be accountable for audit trail for direct and private sector care. MTFs accountable for audit trail to LA
- Control of regional MCSC contract

Model For The Empowered Lead Agent (continued)

- LA Direct Care withhold for regional initiatives
- LA broker of service integration. Manning a region through Joint Distribution
- Clear metrics for ROI with clinical focus
- LA central repository of knowledge of assets in case of regional/national disaster (What is the readiness role of LA/LA staff?)

Medical Readiness

- **Project and Sustain** a Healthy and Medically Protected Force.
- **Train, Equip and Deploy** the Medical Force.
  - Homeland Security: Local/Regional Disaster Response
    - Focus on 1st 72 hours
- **Manage and Promote the Health** of the Soldier Family and the Military Family.

What was Different in Region 11 Pilot?

- Permission
- Expectations
- Leadership (Individual and Group/Team)
- Regional Focus

Issues for the Next Region

- ✔ Concentrated Leadership effort for MTF “buy-in” and Regional business plan development
- ✔ Timely resourcing of the business plan is essential
- ✔ Align metrics with Regional business plan
- ✔ Self financing is not a reality:
  - in a deficit environment
  - when savings are only realized over a 2-4 yr period
  - with the current quarterly allotment method
- ✔ Unstable baseline will have direct impact on ROI: projected cost savings may become cost avoidance
- ✔ Clinical business case initiatives are realized over time
  - Cultural change is required
  - Provider/patient behavior modification takes time
  - No quick clinical fixes; look to long-term for ROI

ISSUES

- Next Generation Contract
- Single set of metrics
- Stable baseline & resources

The Future

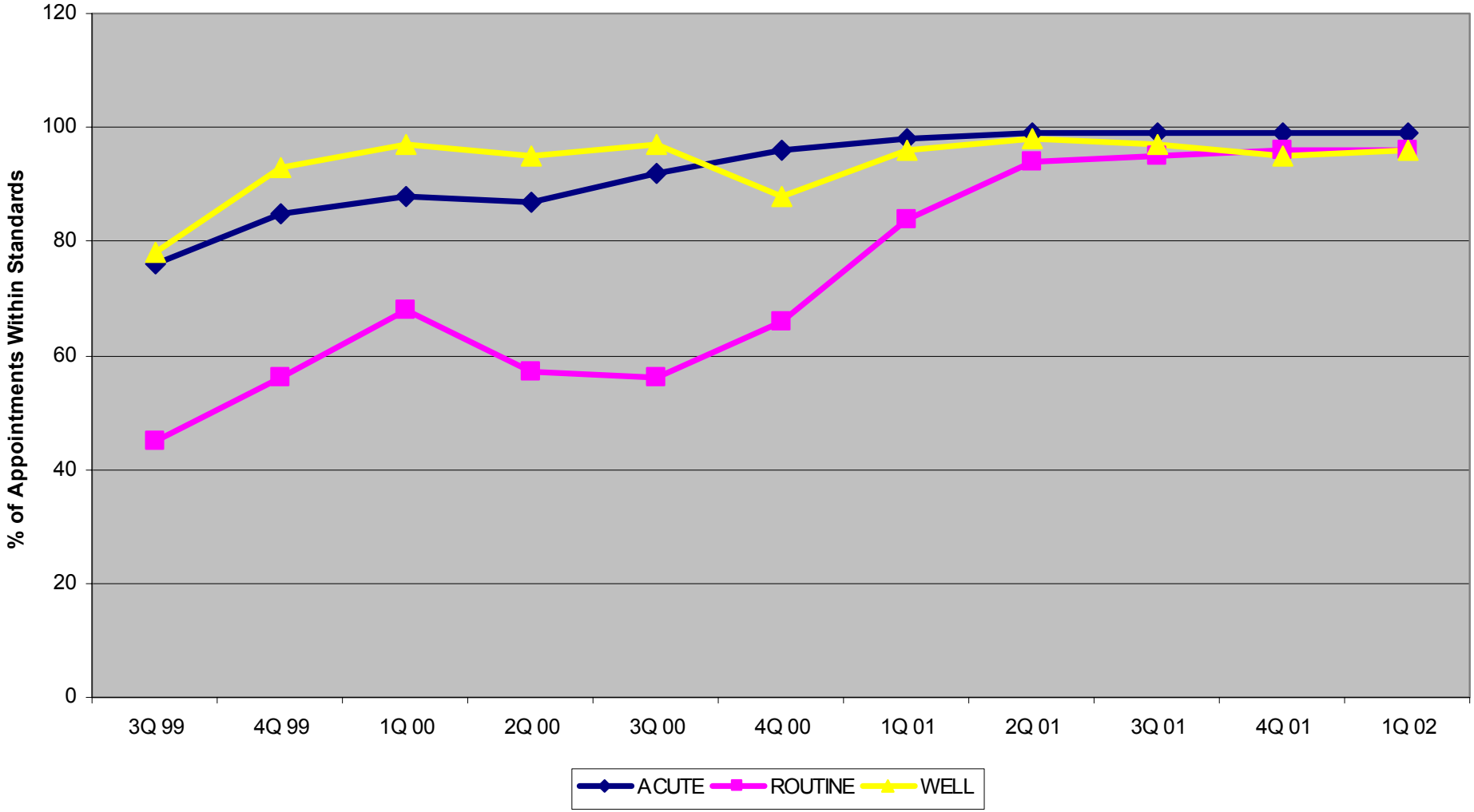
- Consolidation (?)
- DoD - VA Integration (?)
- MHS Reorganization (?)
- Benefit Changes
- Support for Homeland Defense
- Health Plan Administrator or CEO of an Integrated Health Care Delivery System ?

"Each of us realizes that our personal success is as much determined by the success of the Region at large as our performance at each facility"

TEC Members, Region 11

FPC - Access Standards

by quarter, 3d qtr FY 99 - 1st qtr FY 02



Questions from Region 4

- Venture Capital & Business Case Projects
  - "Success," Timelines for Approval, Future
- Funding potential for top down requirements
  - NDAA Prime travel, TRICARE Plus
- Modify CMAC and TRICARE reimbursement (increasing rates)
- Changes to Resource Sharing

Venture Capital

- Purpose: Fund start-up of projects correcting a clinical deficiency or providing a positive return on investment within 36 months
- Future: Venture Capital funding is programmed through FY 2009.
- Submission Timeline[1]:
  - Mid July initiatives submitted to AMEDD Program Analysis and Evaluation (PAE)
  - Late August PAE completes analysis and forwards to the Prioritization Steering Group (PSG)
  - Mid Sep TSG reviews and approves initiatives
  - Late Sep TSG submits approved initiatives to TMA

[1] A second submission cycle begins in December of each year.

Venture Capital Success Factors

- Indicators of a potential project
  - High cost / high volume going to the network
  - Underutilized capacity
- Successful proposals demonstrate:
  - Specific and measurable demand
  - Quantifiable direct savings
  - Realistic implementation timeline
- Receipt of funding is only the first step. Successful projects achieve stated objectives.
  - Accountability
    - Withdrawal of unexecuted funds

Funding to Meet Congressional Requirements

- The POM process allows OSD(HA) to translate program requirements into fiscal requirements.
- The effectiveness of this process is evidenced by recent successes in securing funding for:
  - Venture Capital ($30M/yr; FYs 02-09)
  - Advances in Medical Practices ($10M/yr; FYs 03-09)
  - Access to Care ($10M/yr; FYs 02 – 09).
- The challenge lies in communicating the cost of unfunded initiatives in time to secure funding through the appropriations process.
  - The privacy standards of the Health Insurance Portability and Accountability Act (HIPAA) demonstrate the importance of this communication

Establishing Special Locality-based Reimbursement Rates

Congressional Authority:

10 U.S.C. 1097b(a), NDAA, FY 2000, Sect. 716
10 U.S.C. 1079 (h)(5), NDAA, FY 2001, Sect. 759

"Secretary of Defense may establish higher rates for reimbursement for services in certain localities if the Secretary determines that without payment of such rates access to health care services would be severely impaired."

Implementation Authority: 32 CFR Part 199
Volume 66, No. 167 Sec. 199.14 (h) (1) (iv) (D)

Establishing Special Locality-based Reimbursement Rates Process

- Design an implementation approach
  - Refine exception criteria
  - Define reimbursement methodology
  - Develop application procedures
- Develop and negotiate modifications to TRICARE contracts
- Effect locality-based reimbursement exceptions to applicable CMACs to ensure adequate health care access to health care services

Resource Sharing

- If Resource Sharing makes good business sense, continue it and start new ones
- Resource sharing agreements require continual/periodic reassessment
- No Resource sharing in TNEX-but use appropriately until then